

To: Letter of Appeal  
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Decision Document: Funding Commitment Decision Letter 1/24/2013  
Funding Year: 14 (2011-2012)  
BEN: 99261  
471 #: 792466  
FRN: 2144315  
SPIN: CamNet, Inc. 143017447

Entity Information:

Cove Day School  
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**FCDL Date: 1/23/2013**

**Funding Commitment Decision Explanation:** Applicant has not provided sufficient documentation needed to determine the eligibility of the following item(s): Cost allocation for ineligible items.

This is a letter to request an appeal of the funding commitment for the FRN 2144315. The stated reason for the denial is "*Applicant has not provided sufficient documentation needed to determine the eligibility of the...ineligible items*". We have included two attachments which are proof of our completed and timely responses:

1. Cove - Y14 - PIA Response due 12-28-12
2. Cove - Y14 - PIA Response due 12-28-12 follow up 792466incomplete
3. Cove -Y14 - PIA Followup Cost Allocation

The reviewer asked us to confirm the reduction of our Basic Maintenance FRN by \$2465.28. Here is his request below.

"Based on the documentation that you provided during the review of your FY 2011 Form 471 application **792466**, we intend to modify FRN to change the pre-commitment funding request. The pre-commitment funding request has been changed from **\$28,247.52/year** to **\$25,782.24/year** to remove the ineligible Blonder Tongue set top box and the 95% eligible Cisco 2851 VOIP system"

The cost allocation he suggests is much larger than it should be. We thought that he was attempting to deduct the entire cost of the Set Top Boxes and the phone system. After more

careful analysis, it appears that he was working from a document from a PIA response due around 1/16/2012. The document is titled “Cove – Y14 – PIA Follow Up – Cost Allocation.pdf.” The pertinent section is below & the entire document is attached.

(This document shows the hours of labor allocation to each piece of equipment covered under the Basic Maintenance Funding request)

PBX - Phone/Voice System			2011-12				0	\$0.00
Cisco Phone System			2011-12				0	\$0.00
1 Cisco 2851 VOIP Phone System Bundle	Cisco	C2851-VSEC-CCME-K9	2011-12	8	8	8	24	\$2,054.40
S28NAISK9-15001M - Cisco 2800 ADVANCED IP SERVICES PWR-2821-51-A-C - Cisco 2821/51 AC power supply MEM2851-256U512D - 256 to 512MB DDR DRAM factory upgrade for the Cisco 2851 FL-CUE-NR-PORT-2 - Unity Express License - Non Re-hostable - 2 Port FL-CCME-100 - Feat Lic Communications Manager Express Up To 100 Users ISR-CCP-CD - Cisco Config Professional on CD, CCP-Express on Router Flash PVDW2-48 - 48-Channel Packet Voice/Fax DSP Module MEM2800-64U128CF - 64 to 128 MB CF Factory Upgrade for Cisco 2800 Series FL-CUE-NR-PORT-2 - Unity Express License - Non Re-hostable - 2 Port CCX-80-CME-BUNDLE - CCX 8.0 2 Seat CCX ENH CCM Bundle - AVAILABLE ONLY WITH CME ACS-2821-51-STAN - Cisco 2821/51 Standard Accessory Kit								
			2011-12				0	\$0.00
1 Cisco Unity Express Network Module - Enhanced (8 Ports)			Cisco	SCUE-NME-71-K9	2011-12		0	\$0.00
1 Cisco 50 Mailboxes 100 users			Cisco	SCUE-LIC-80CME	2011-12		0	\$0.00
1 Cisco Unity Express - North American English			Cisco	CUE-LANG-ENU	2011-12		0	\$0.00
1 Four-port Voice Interface Card - FXO (Universal)			Cisco	VIC2-4FXO	2011-12		0	\$0.00
Attendant Console Group					2011-12		0	\$0.00
1 Cisco 7962 IP Phone set			Cisco	CP-7962G	2011-12		0	\$0.00
1 CISCO 7915 IP PHONE EXPANSION MOD.POR.7962			Cisco	CP-7915E	2011-12		0	\$0.00
Network Cabling							0	\$0.00
150 Cat 6 data drops, terminated, tested and labeled			CAT6		2011-12	16	16	\$1,369.60
VIDEO over IP Distribution							0	\$0.00
3 Blonder Tongue IP-to-RF set-top box with remote control			2431 IP-AminET110	2011-12	2	2	2	\$513.60
4 Blonder Tongue IPTV MPEG-2 Encoder			2420 IPME-2	2011-12			0	\$0.00
2 Blonder Tongue Chassis and power supply			2419 IPME-CH	2011-12			0	\$0.00

Please note that the Phone system has a total of 24 hours of labor (\$2054.40) allotted to the entire phone system, and the Video Distribution system has a total of 6 hours labor (\$513.60) allotted to it.

The Cisco Phone system is 5% ineligible, 95% eligible. It appears that the reviewer reversed the allocation and is attempting to deduct 95% of the \$2,054.60.

Here is the calculation that we believe the reviewer made in error:

$2054.40 * 95\% = \$1951.68$

$\$513.60 * 100\% = \$513.60$

$\$1951.68 + \$513.60 = \$2465.28$  – the same amount the reviewer is trying to deduct from the FRN.

The reviewer’s calculation is incorrect for a number of reasons.

The obvious reason is that the phone system is 95% ELIGIBLE, therefore he should have deducted the 5% ineligible portion - only \$102.72. But there is a further consideration as pointed out in our second PIA response.

To establish the correct cost allocation of the ineligible component, we have to consider the entire phone system. The complete phone system is \$11,109.47. The partially eligible component (C2851-VSEC-CCME-K9) is \$5,650.39. Therefore the partially eligible part is  $5650.39/11109.47 = 51\%$  of the complete phone system. Although it is not obvious from our

Labor Allocation sheet above, the 24 hour allotted to the phone system are allotted to cover the ENTIRE phone system of \$11,109.47 – all the components of that phone system are listed.

Since the 24 hours are allotted to the entire phone system, we need to determine the proper proportion for the partially eligible component - 51% of 24 hours = 12.24 hours. Of the 12.24 hours allotted to the partially eligible component (C2851-VSEC-CCME-K9) only 5% is ineligible. So 5% of 12.24 = .61 hours . At our labor rate of \$85.60 per hour, .61 hours times \$85.60 = \$52.39, plus tax at 7% = 3.66 for a **total reduction of \$55.91** for the 5% ineligible portion of the partially eligible phone system component.

And as noted in our second PIA response, we agreed to this reduction of the FRN which we think is proper and reasonable.

Cisco Phone System				
1 Cisco 2851 VOIP Phone System Bundle	Cisco	C2851-VSEC-CCME/K9	\$5,650.39	\$5,650.39
<i>Bundle Includes: C2851-VSEC-CCME/K9 2851 VSEC Bundle  S28NAISK9-15001M - Cisco 2800 ADVANCED IP SERVICES  PWR-2821-51-AC - Cisco 2821/51 AC power supply  MEM2851-256U512D - 256 to 512MB DDR DRAM factory upgrade for the Cisco 2851  FL-CUE-NR-PORT-2 - Unity Express License - Non Re-hostable - 2 Port  FL-CCME-100 - Feat Lic Communications Manager Express Up To 100 Users  ISR-CCP-CD - Cisco Config Professional on CD, CCP-Express on Router Flash  PVDMM2-48 - 48-Channel Packet Voice/Fax DSP Module  MEM2800-64U128CF - 64 to 128 MB CF Factory Upgrade for Cisco 2800 Series  FL-CUE-NR-PORT-2 - Unity Express License - Non Re-hostable - 2 Port  CCX-80-CME-BUNDLE - CCX 8.0 2 Seat CCX ENH CCM Bundle - AVAILABLE ONLY WITH CME  ACS-2821-51-STAN - Cisco 2821/51 Standard Accessory Kit</i>				
1 Cisco Unity Express Network Module - Enhanced (8 Ports)	Cisco	SCUE-NME-7-1-K9	\$1,766.67	\$1,766.67
1 Cisco 50 Mailboxes 100 users	Cisco	SCUE-LIC-50CME	\$300.00	\$300.00
1 Cisco Unity Express - North American English	Cisco	CUE-LANG-ENU	\$0.00	\$0.00
1 Four-port Voice Interface Card - FXO (Universal)	Cisco	VIC2-4FXO	\$471.11	\$471.11
20 Cisco IP User license	Cisco	SW-CCME-UL-7941	\$113.68	\$2,273.68
1 Cisco Erate Services Bundle, 1 Yr Tech Support, 3 Yr Adv. Hardware Replacement 8x5 NBD	Cisco		Included	
<b>Attendant Console Group</b>				
1 Cisco 7962 IP Phone set	Cisco	CP-7962G	\$334.56	\$334.56
1 CISCO 7915 IP PHONE EXPANSION MOD POR 7962	Cisco	CP-7915=	\$250.94	\$250.94
1 Cisco Footstand	Cisco	CP-SINGLFOOTSTAND	\$23.29	\$23.29
1 Cisco Power	Cisco	CP-PWR-CUBE-3=	\$31.76	\$31.76
1 Cisco Power cord	Cisco	CP-PWR-CORD-NA	\$7.06	\$7.06
1 Installation, configuration, testing documentation, travel and per diem				\$0.00
1 Taxes for VOIP Phone System			\$0.00	\$0.00
<b>Subtotal For VOIP Phone System</b>			<b>\$11,109.47</b>	

The same principal holds true for the ineligible Set top boxes. Again, it is not obvious from our Labor allocation sheet, but the 6 hours assigned to the Video Distribution System cover the ENTIRE video distribution system, not just the set top boxes. Below is our breakdown to arrive at the proper cost allocation for removing the labor associated with the ineligible Set Top boxes.

VIDEO over IP Distribution				
3	Blonder Tongue IP-to-RF set-top box with remote control	2431	IP-AmiNET110	\$301.75
4	Blonder Tongue IPTV MPEG-2 Encoder	2420	IPME-2	\$1,543.79
2	Blonder Tongue Chassis and power supply	2419	IPME-CH	\$360.91
Subtotal For Video over IP				\$8,604.36

Please Note: our original PIA response incorrectly gave a total for the Video over IP Distribution system of \$7802.22. Even though the actual amount is \$8604.36, we will still honor our original amount of \$7802.22 so that we are using the same figures as our PIA response.

The Blonder Tongue equipment provides video distribution to the school. Based on our Item 21 Attachment, the cost of the various components is listed below. The Setup top Boxes are \$905.26 out of a total of 7802.22 or approx. 12%.

We have allocated 6 Hours of Basic Maintenance to the Video Distribution System which includes the Set Top Box, The IPTV MPEG Encoder and the Chassis & Power Supply. (See the BM Equipment Cost Allocation)

Therefore, 6 Hours \* 12% = .72 Hours. .72 Hours \* our hourly rate of \$85.64 = \$61.66. Tax on \$61.66 \* .07 = \$4.32. **The total reduction should be \$65.98**

We agree to a reduction of FRN 2144315 by \$65.98 to account for the ineligible portion of the Video Distribution System, and \$55.91 to account for the ineligible portion of the Phone system.

In summary, we believe that we have answered the PIA reviewer's responses accurately and in a timely manner and that the only reason for denial was the reviewer's error in miscalculating the proper ineligible percentage for the phone system and the Set Top boxes.

The first response we had a justifiable reason to not accept the amount the reviewer was trying to deduct from our school because his calculation was based on the incorrect cost allocation percentage for the ineligible and partially eligible equipment.

In the followup PIA request, the reviewer again insisted on requesting a reduction of FRN 2144315 again based the incorrect percentages. In turn we rejected his unreasonable request again however, in the best interest of our school, proceeded to do a cost allocation based on the Basic Maintenance of Internal Connections labor hours allocated to the ineligible Blonder Tongue set top box and the 5% ineligible portion of the Cisco 2851 VOIP system. As you can see in the second document we provided a very detailed reason behind our rejection of the reviewer's unknowledgeable request and explained how we would agree to do a cost allocation for ineligible items as well as agreeing to the grand total reduction of \$121.89.

In summary, we believe that we have answered the PIA reviewer's responses accurately and in a timely manner and that the only reason for denial was the reviewer's error in miscalculating the proper ineligible percentage for the phone system and the Set Top boxes. We respectfully request that funding decision approved with the correct reductions as outlined in this appeal.

Thank you for your time and consideration.  
Sincerely,

Melanie Haskan  
Principal  
Cove Day School